

**MMA Testimony on SB 414, SB 415 and SB 981  
House Families, Children and Seniors Committee  
March 27, 2012**

Thank you Mr. Chair and members of the Committee. My name is Delaney Newberry and I am Director of Human Resource Policy for the Michigan Manufacturers Association. We are opposed to Senate Bills 414, 415 and 981 as currently drafted because of the impact they will have on the cost of health insurance.

MMA represents about 2,500 members that operate in the full spectrum of manufacturing industries, ranging from small manufacturers to some of Michigan's largest employers. Manufacturing continues to be the largest sector of our economy, directly employing over 500,000 Michigan residents.

Manufacturers are one of the largest payers of private insurance and group health plans. 91% of Manufacturers offer health care benefits to their employees compared to 71% of all other industries and as low as 38% in the hospitality industry. In the state of Michigan, whether you're talking about the large group market, self-insured groups, or small-group – manufacturers are the largest purchasers of health insurance benefits in the state.

***Health Insurance Mandates Increase Costs and Decrease Access***

The Michigan Manufacturers Association has long opposed health insurance mandates because of the impact that mandates have on the cost of health insurance, which ultimately makes the provision of coverage to employees cost prohibitive. In recent years, many of our members have experienced rate increases in excess of 30- to 40-percent. Additionally, just this year the new Health Insurance Claims Act (HICA) tax added 1% of all claims paid to the cost of employer-provided health care in Michigan. These costs come as the courts debate Federal health care reform, creating uncertainty for manufacturers. The 2011 annual Manufacturing Survey indicates 80 percent of our members are "Concerned" or "Extremely Concerned" with the cost of healthcare.

So it is from this lens that we evaluate any legislative proposal that may impact the cost of employer-sponsored healthcare. Another important consideration in this legislation is the fact that the impact of mandates is not felt equally among all businesses. Given that the federal ERISA law pre-empts self-insured firms from state mandates, the burden of SB 414 and SB 415 will be carried disproportionately by small- and medium-sized firms, generally firms with fewer than 100 employees, and individuals purchasing coverage in the individual market, driving up the cost of their health insurance coverage. The flip side of that coin is that only the individuals covered by those specific types of contracts will get the benefits of the state insurance mandate.

***Working Together to Find a Reasonable Solution***

To be clear, while MMA opposes government-imposed health care mandates, we are not opposed to developing programs to assist individuals with autism and helping families to better treat and manage ASD. While we are encouraged by SB 981's recognition for the costs associated with a health insurance mandate, we cannot support any funding mechanism that is tied to a mandate. However, we have worked to identify several viable alternatives that our members can support. We believe that the \$15 million funding would be best spent by reimbursing families directly for their costs incurred for diagnosis and treatment of ASD, rather than reimbursing insurance carriers. This eliminates an unnecessary second layer of administrative cost and allows families who are

insured through nonparticipating self-funded plans or who are uninsured to benefit from the program.

If committee members decide to move forward with this legislation, we ask that you consider modifying the bills to mitigate the impact this legislation would have on private insurance purchasers in Michigan by incorporating cost containment practices. The legislation should include language that will allow for transparency and independent actuarial evaluation of the financial impact of the mandate. Forty states require an actuarial review of the cost implications of insurance mandates and Michiganders deserve no less. The annual coverage maximums included the H-2 substitutes should be modified to better reflect limits used in other states. Committee members should consider including an age limit on diagnosis as other states have to contain costs. Utilization of therapies should be based on medical necessity and efficacy. Finally, if the proposal is intended to offset the costs incurred by purchasers for autism coverage then the language should indicate that the mandate will only take effect if sufficient funds are appropriated. If sufficient funds are not available for reimbursement, carriers should not be required to provide coverage. Likewise, if coverage is not extended through Medicaid, private carriers should not be required to provide coverage. Private companies should not be statutorily required to provide richer benefits than those provided by Medicaid.

### ***Conclusion***

In conclusion we appreciate your willingness to consider our concerns and hope that we can work together to find a solution that will help increase access to services for those with autism but that will not result in an increase in the cost of employer-provided healthcare. Please do not hesitate to contact me if you have questions regarding this or any other matter.